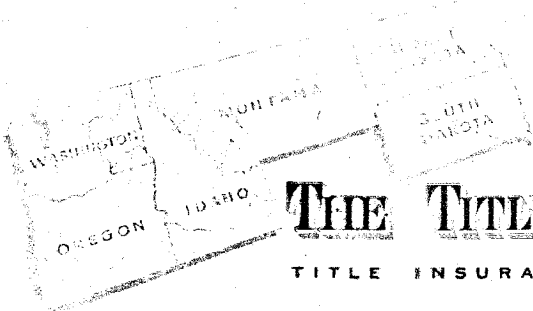


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THE TITLE INSURANCE COMPANY

TITLE INSURANCE BUILDING • BOISE, IDAHO

Title Insurance Policy

\$ 64,500.00

Policy No. ML- 26596

Order No. ML-29678

THE TITLE INSURANCE COMPANY, a corporation (incorporated under the laws of the State of Idaho), hereinafter called the Company, for a valuable consideration paid for this policy of title insurance,

Does Hereby Insure

ANACONDA ALUMINUM COMPANY

together with the persons and corporations included in the definition of "the insured" as set forth in the stipulations of this policy, against loss or damage not exceeding

SIXTY FOUR THOUSAND FIVE HUNDRED AND NO/100ths -----dollars,
which the insured shall sustain by reason of:

1. Title to the land described in Schedule A being vested, at the date hereof, otherwise than as herein stated; or
2. Any defect in, or lien or encumbrance on, said title existing at the date hereof, not shown or referred to in Schedule B; or
3. Any defect in the execution of any mortgage or deed of trust shown in Schedule B securing an indebtedness, the owner of which is insured by this policy, but only insofar as such defect affects the lien or charge of such mortgage or deed of trust upon said land; or
4. Priority over any such mortgage or deed of trust of any lien or encumbrance upon said land existing at the date hereof, except as shown in Schedule B, such mortgage or deed of trust being shown in the order of its priority.

all subject, however, to SCHEDULES A and B, and the STIPULATIONS herein, all of which schedules and stipulations are hereby made a part of this policy.

IN WITNESS WHEREOF, THE TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, this 25th day of JUNE, 1970, at 5:00 P.M.

This policy not valid unless countersigned by
Flathead County Title Company
by Cecil X. Exelby

FLATHEAD COUNTY TITLE COMPANY

By *Cecil X. Exelby*

THE TITLE INSURANCE COMPANY

By *George Russell* President

Attest *J.M. Epeneter* Secretary

SCHEDULE A

The fee simple title to said lands, is at the date hereof, vested in:

ANACONDA ALUMINUM COMPANY

The land referred to in this policy is described as:

The NW $\frac{1}{4}$ of Section 27, Township 31 North, Range 20 West,
M.P.M., Flathead County, Montana.

SCHEDULE B

This policy does not insure against loss by reason of the matters shown or referred to in this Schedule except to the extent that the owner of any mortgage or deed of trust is expressly insured in Paragraphs numbered 3 and 4 on page 1 of this policy.

1. Rights or claims of persons in possession or claiming to be in possession, easements, liens or incumbrances including material or labor liens, which are not shown by the public records; reservations in patents or state grants; or in acts authorizing the issuance thereof; mineral rights, water rights, claims or title to minerals or water.

2. Questions of location, boundary and area; overlaps and encroachments by improvements belonging to these or adjoining premises; all dependent upon actual survey for determination.

3. Assessments which are not shown as existing liens by the public records; taxes not yet payable; pending proceedings for vacating, opening or changing streets or highways preceding entry of the final ordinance or order therefor.

4. Any laws, governmental acts or regulations, including but not limited to zoning ordinances, restricting, regulating or prohibiting the occupancy, use or enjoyment of the land or any improvement thereon, or limiting the height of improvements, or prohibiting a reduction in the dimensions or area, or separation in ownership, of any lot or parcel of land; or the effect of any violation of any such restrictions, regulations or prohibitions.

5.

The general taxes for the year 1970.

6.

Taxes, charges and assessments not yet certified to the County Treasurer for collection.

STIPULATIONS

1. SCOPE OF COVERAGE

This policy does not insure against, and the Company will not be liable for loss or damage created by or rising out of any of the following: (a) defects, liens, claims, encumbrances, or other matters which result in no pecuniary loss to the insured; (b) defects, liens, encumbrances, or other matters created or occurring subsequent to the date hereof; (c) defects, liens, encumbrances, or other matters created or suffered by the insured claiming such loss or damage; or (d) defects, liens, claims, encumbrances, or other matters existing at the date of this policy and known to the insured claiming such loss or damage, either at the date of this policy or at the date such insured claimant acquired an estate or interest insured by this policy, unless such defect, lien, claim, encumbrance or other matter shall have been disclosed to the Company in writing prior to the issuance of this policy or appeared at the date of this policy on the public records; or (e) loss or damage which would not have been sustained if the Insured were a purchaser or encumbrancer for value without knowledge; or (f) lack of power or capacity of the Insured Claimant to accept title to or legally enforce the insured interest. Any rights or defenses of the Company against a named insured shall be equally available against any person or corporation who shall become an insured hereunder as successor of such named insured.

2. DEFENSE OF ACTIONS, NOTICE OF ACTIONS OR CLAIMS TO BE GIVEN BY THE INSURED

The Company at its own cost shall defend the insured in all litigation consisting of actions or proceedings against the insured, or defenses, restraining orders, or injunctions interposed against a foreclosure or sale of said land in satisfaction of any indebtedness, the owner of which is insured by this policy, which litigation is founded upon a defect, lien, encumbrance, or other matter insured against by this policy, and may pursue such litigation to final determination in the court of last resort. In case any such litigation shall become known to any insured, or in case knowledge shall come to any insured of any claim of title or interest which is adverse to the title as insured or which might cause loss or damage for which the Company shall or may be liable by virtue of this policy, such insured shall notify the Company thereof in writing. If such notice shall not be given to the Company at least five days before the appearance day in any such litigation, or if such insured shall not, in writing, promptly notify the Company of any defect, lien, encumbrance, or other matter insured against, or of any such adverse claim which shall come to the knowledge of such insured, in respect to which loss or damage is apprehended, then all liability of the Company as to each insured having such knowledge shall cease and terminate; provided, however, that failure to so notify the Company shall in no case prejudice the claim of any insured unless the Company shall be actually prejudiced by such failure. The Company shall have the right to institute and prosecute any action or proceeding or do any other act which, in its opinion, may be necessary or desirable to establish the title, or any insured lien or charge, as insured. In all cases where this policy permits or requires the Company to prosecute or defend any action or proceeding, the insured shall secure to it in writing the right to so prosecute or defend such action or proceeding and all appeals therein, and permit it to use, at its option, the name of the insured for such purpose. Whenever requested by the Company the insured shall assist the Company in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, prosecuting or defending such action or proceeding, to such extent and in such manner as is deemed desirable by the Company, and the Company shall reimburse the insured for any expense so incurred. The Company shall be subrogated to and be entitled to all costs and attorneys' fees incurred or expended by the Company, which may be recoverable by the insured in any litigation carried on by the Company on behalf of the insured. The word "knowledge" in this paragraph means actual knowledge, and does not refer to constructive knowledge or notice which may be imputed by the public records.

3. NOTICE OF LOSS, LIMITATION OF ACTION

A statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within sixty days after such loss or damage shall have been ascertained. No action or proceeding for the recovery of any such loss or damage shall be instituted or maintained against the Company until after full compliance by the insured with all the conditions imposed on the insured by this policy, nor unless commenced within twelve months after receipt by the Company of such written statement.

4. APPORTIONMENT OF LOSS

Whenever the Company shall be obligated to pay a loss under the terms of this policy to an insured owner or purchaser by reason of a defect in the title to a portion of the area insured herein, liability shall be limited to the proportion of the face amount of this policy which the value of the defective portion bears to the value of the whole at the time of the discovery of the defect.

5. OPTION TO PAY, SETTLE, OR COMPROMISE CLAIMS

The Company reserves the option to pay, settle, or compromise for, or in the name of, the insured, any claim insured against or to pay this policy in full at any time, and payment or tender of payment of the full amount of this policy, together with all accrued costs which the Company is obligated hereunder to pay, shall terminate all liability of the Company hereunder, including all obligations of the Company with respect to any litigation pending and subsequent costs thereof.

6. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, it shall be subrogated to and be entitled to all rights, securities, and remedies which the insured would have had against any person or property in respect to such claim, had this policy not been issued. If the payment does not cover the loss of the insured, the Company shall be subrogated to such rights, securities, and remedies in the proportion which said payment bears to the amount of said loss. In either event the insured shall transfer, or cause to be transferred, to the Company such rights, securities, and remedies, and shall permit the Company to use the name of the insured in any transaction or litigation involving such rights, securities, or remedies.

7. OPTION TO PAY INSURED OWNER OF INDEBTEDNESS AND BECOME OWNER OF SECURITY

The Company has the right and option, in case any loss is claimed under this policy by an insured owner of an indebtedness secured by mortgage or deed of trust, to pay such insured the indebtedness of the mortgagor or trustor under said mortgage or deed of trust, together with all costs which the Company is obligated hereunder to pay, in which case the Company shall become the owner of, and such insured shall at once assign and transfer to the Company, said mortgage or deed of trust and the indebtedness thereby secured, and such payment shall terminate all liability under this policy to such insured.

8. PAYMENT OF LOSS AND COSTS OF LITIGATION, INDORSEMENT OF PAYMENT ON POLICY

The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon the insured in litigation carried on by the Company for the insured, and in litigation carried on by the insured with the written authorization of the Company, but not otherwise. The liability of the Company under this policy shall in no case exceed the face amount of this policy less all payments made on account of principal of any indebtedness secured by the lien of any mortgage or deed of trust, the owner of which is insured by this policy, nor the actual loss of the insured and costs which the Company is obligated hereunder to pay, and in no case shall such total liability exceed the amount of this policy and said costs. All payments under this policy shall reduce the amount of insurance pro tanto, and payment of loss or damage to an insured owner of indebtedness shall reduce, to that extent, the liability of the Company to the insured owner of said land. No payment may be demanded by any insured without producing this policy for indorsement of such payment.

9. MANNER OF PAYMENT OF LOSS TO INSURED

Loss under this policy shall be payable, first, to any insured owner of indebtedness secured by mortgage or deed of trust shown in Schedule B, in order of priority therein shown, and if such ownership vests in more than one, payment shall be made ratably as their respective interests may appear, and thereafter any loss shall be payable to the other insured, and if more than one, then to such insured ratably as their respective interests may appear. If there be no such insured owner of indebtedness, any loss shall be payable to the insured, and if more than one, to such insured ratably as their respective interests may appear.

10. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "named insured": the persons and corporations named as insured on page one of this policy;
- (b) "the insured": such named insured together with (1) each successor in ownership of any indebtedness secured by any mortgage or deed of trust shown in Schedule B, the owner of which indebtedness is named herein as an insured, (2) any such owner or successor in ownership of any such indebtedness who acquires the land described in Schedule A or any part thereof, by lawful means in satisfaction of said indebtedness or any part thereof, (3) any governmental agency or instrumentality acquiring said land under an insurance contract or guarantee insuring or guaranteeing said indebtedness or any part thereof, and (4) any person or corporation deriving an estate or interest in said land as an heir or devisee of a named insured or by reason of the dissolution, merger, or consolidation of a corporate named insured;
- (c) "land": the land described specifically or by reference in Schedule A and improvements affixed thereto which by law constitute real property;
- (d) "date": the exact day, hour and minute specified in the first page of this policy;
- (e) "public records": those public records which, under the recording laws, impart constructive notice of matters relating to said land.

11. WRITTEN INDORSEMENT REQUIRED TO CHANGE POLICY

No provision or condition of this policy can be waived or changed except by writing indorsed hereon or attached hereto signed by the President, a Vice President, the Secretary, or an Assistant Secretary of the Company.

12. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to it at its home office at 711 Bannock Street, Boise, Idaho.